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The Pre- and Early History American Corporate Philanthropy

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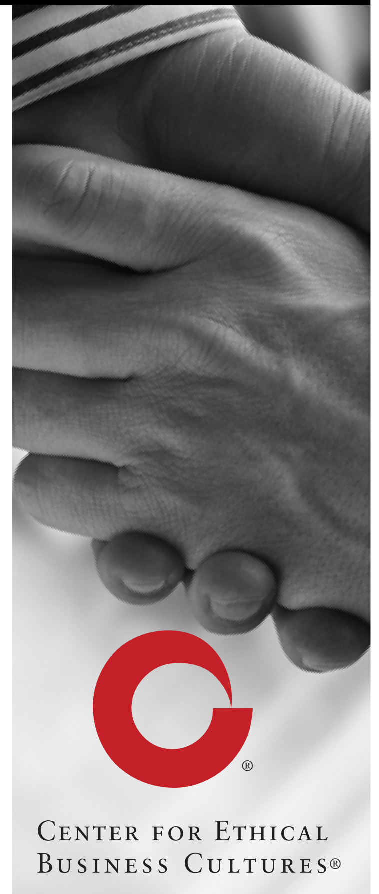
The Pre- and Early History of American Corporate Philanthropy

Benjamin J. Soskis, PhD

HISTORY OF CORPORATE RESPONSIBILITY PROJECT

Working Paper No. 3



Center for Ethical Business Cultures®

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The Pre- and Early History of American Corporate Philanthropy

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The CEBC History of Corporate Responsibility Project

In mid-2008, the Center for Ethical Business Cultures (CEBC) launched a multi-year project to research and write U.S. and global histories of corporate responsibility. Funding for the project flows from a major gift by Philadelphia entrepreneur Harry R. Halloran, Jr. to the University of St. Thomas. This grant followed earlier gifts by Mr. Halloran to CEBC to conduct preliminary research and feasibility studies beginning in 2004 and convene a national consultation among scholars and practitioner in November 2007.

OUR APPROACH

The idea of corporate responsibility is not new; antecedents lie in the 18th and 19th centuries. The 20th century, and particularly the last 60 years have witnessed dramatic social, economic, environmental and regulatory challenges to business. Two volumes are envisioned: an initial volume focused on the U.S. experience; a subsequent volume focused on the emergence of corporate responsibility in countries and regions around the globe. Pursuing a "double helix" approach, the project explores the interweaving of the history of thinking about business responsibilities and the history of business practices. The interplay of societal change and the emergence of the modern business corporation provide the stage for exploring questions of purpose and responsibilities of business.

To tackle the U.S. history, CEBC engaged a team of distinguished scholars and supports their work with a series of working papers and interviews with experienced business practitioners.

THE HALLORAN PHILANTHROPIES

The Halloran Philanthropies, founded by Philadelphia entrepreneur Harry R. Halloran, Jr., is guided by Halloran's belief that business is one of the most powerful drivers for positive social change. Halloran is the Chairman and CEO of American Refining Group, Inc., and founder and CEO of Energy Unlimited, Inc., both headquartered in Pennsylvania.

THE CENTER FOR ETHICAL BUSINESS CULTURES (CEBC)

The Center for Ethical Business Cultures (CEBC) at the University of St. Thomas is a 501(c)3 nonprofit organization situated in the university's Opus College of Business. Working at the intersection of the business and academic communities, CEBC assists business leaders in creating ethical and profitable business cultures at the enterprise, community and global levels. The center was founded by Minnesota business leaders in 1978. Please visit www.cebcglobal.org for more information.

Benjamin J. Soskis, PhD

Benjamin Soskis graduated summa cum laude with exceptional distinction from Yale University, where he majored in History. He has served as an editor at *The New Republic,* where he wrote on the intersection of religion, culture, and politics; his writing has also appeared in *Legal Affairs, Slate.com, Forward*, *The Washington Monthly, Lingua Franca,* and *The Philadelphia Inquirer.* In May 2010 he received his Ph.D. in History from Columbia University, where he received fellowships from the Andrew W. Mellon Foundation and the Woodrow Wilson National Fellowship Foundation. His dissertation, "The Problem of Charity in Industrial America, 1873-1915," is a finalist for the Bancroft Prize, the university's most prestigious award in American history. He is currently writing a book on the history of the "Battle Hymn of the Republic." He lives in Washington, D.C.

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The views expressed in this CEBC History of Corporate Responsibility working paper are those of the author(s).

Overview

This essay explores the pre- and early history of corporate philanthropy in the United States, from the mid nineteenth century till the mid-twentieth century, a period that witnessed a slow, halting progression toward the public acceptance of corporate giving. Efforts to win legitimacy for corporate giving required the reconciliation of contending imperatives—to increase a corporation's profits on behalf of its shareholders and to honor the social responsibilities inherent in the corporate form. The essay demonstrates both the various strategies adopted to secure such a reconciliation, and how precarious that reconciliation often was, as victories on behalf of corporate giving's legitimacy often triggered various counter-reactions that vitiated some of those victories' achievements.

The essay first explores the tradition of personal and private benevolence from which corporate giving first borrowed its legitimacy, when corporations were largely the bureaucratic reflection of a single individual or small set of individuals. The dominant ideal in this tradition, embodied by the industrialists John D. Rockefeller and Andrew Carnegie, was that of stewardship, a secular or religious ethic that linked accumulation and redistribution, and that provided a sometimes unsteady bridge between the imperatives of service and self-interest.

The same tensions between the imperatives of accumulation and redistribution that marked the individual stewardship ethic also defined corporate giving in its early years as well. As the essay outlines, the first successful means of reconciling the poles of stewardship was that of corporate welfare, in which employers assumed certain responsibilities toward employees as part of the conditions of employment themselves. This direct benefit theory echoed the rationale of 19th century railroads giving to local YMCAs and corporate giving to Community Chest social welfare organizations that arose after World War I. The direct benefit rationale circumscribed corporate giving as much as it expanded it by tying giving so closely to the corporation's bottom line. Such a rationale, in fact, left many business officials unsure as to the legal status of particular corporate giving programs, and the second half of the essay charts the uneven efforts to remedy that confusion.

The First World War witnessed the first instance of widespread and large-scale corporate giving, when organizations such as the Red Cross received millions from—and heavily courted—corporate donors.

The surge of wartime giving stressed to corporate givers the practice's precarious legal status and led to another push to secure for its some degree of legal and political security. These efforts culminated in the campaign for a charitable deduction for corporate donations, which, after a number of legal and regulatory setbacks, finally achieved its ends in 1935

The essay ends by charting the continued growth of corporate philanthropy in the post-World War II years, a function of both rising prosperity and novel ideological justifications. Most prominent among the latter were those that stressed the "indirect," opposed to the direct, benefit offered by corporate gifts to the "long-range interest of its stock-holders," through philanthropy's bolstering of the free enterprise system and of voluntarist institutions on which corporations ultimately depended. Corporate giving received legitimization in the landmark New Jersey Supreme Court case, A.P. Smith Co. v. Barlow (1953). Yet in a pattern that I suggest marked the entire early history of corporate giving, while that legal victory strengthened the cause of corporate giving and helped secure more widespread support for its growth, it also helped to limit the practice to social realms deemed unthreatening to corporate interests and to unleash new fears about corporate power and accountability that would continue to mount in the coming decades.

Stewardship and the Roots of Corporate Giving in Individual Philanthropy

A paradox troubled the early history of American corporate philanthropy. On the one hand, business leaders could regard corporate giving as a means of safeguarding corporate wealth—much as voluntary acts of charity had served in the past to bolster individual rights to private property—by upgrading the corporation's communal standing and improving the welfare, morale, and productivity of the firm's employees. On the other hand, the ambiguous relation between corporate giving and animating theories of corporate purpose could also expose conceptual vulnerabilities and legal uncertainties in the corporate form itself. The questions of legitimacy that shadowed corporate giving in its early decades reflected these deeper ambivalences regarding the place of large-scale industrial enterprise in American life.

Yet in what might be termed corporate giving's pre-history, before corporations had become the dominant form of business organization in the latter half of the nineteenth century, it enjoyed a conceptual proximity to an established tradition of personal, private benevolence that provided it with a carapace of legitimacy. Since there was little administrative bureaucracy separating business firms from the individuals who founded them and controlled their funds, traditional individualistic justifications for charitable giving could be employed to cover the direction of funds from the firm's coffers toward benevolent ends. The prominence of firms founded by or associated with a single entrepreneur or a small set of businessmen forestalled the need for a more explicitly defined rationale for corporate giving. Thus, as one leading historian of corporate philanthropy notes, the nineteenth century lacked "a concept of the relation of business to the community—in which social responsibility was clearly seen as a charge not merely upon individual conscience and concern but upon corporate resources as well."[1]

This conflation of the obligations of business and businessman was encouraged by the concept of stewardship, the dominant means by which American understood the responsibilities of wealth in the nineteenth century. By the dictates of stewardship, men could not claim ultimate ownership over their possessions, but held them only as trustees for some higher authority—in the concept's Protestant manifestation, god, and in its secular version, a broadly defined public. By bridging the realms of accumulation and redistribution, stewardship linked provisional property rights with the responsibilities that attended those rights. Stewardship provided a bridge between the imperatives of service and self-interest, a causeway over which proponents of corporate philanthropy would make their unsteady way in the decades to come.

This linkage was most forcefully expressed by the two leading industrialists and philanthropists of the late nineteenth century, Standard Oil founder John D. Rockefeller and steel-magnate Andrew Carnegie. In Rockefeller's Protestant formulation of the stewardship ethic, his business success stemmed from a divine blessing, which had descended upon him because of, and increased, his enthusiasm for private giving. "It has seemed as if I was favored and got great increase because the Lord knew that I was going to turn right round and give it back," Rockefeller told one interviewer. That is, God allowed individuals such as Rockefeller to amass great concentrations of wealth precisely because of their generous inclinations and talents for giving that wealth away. As Rockefeller related to an early biographer, "I believe that the power of making money is a gift from God…to be executed to the best of our ability for the good of mankind. Having been endowed with the gift which I possess, I believe it is my duty to go on making money and still more money, and…to dispose of the money I make for the good of my fellow man according to the dictates of my conscience." Stewardship thus provided Rockefeller with a joint defense of both getting and giving, legitimating his colossal private fortune as well as the significant fraction of that wealth that he channeled to churches, missionary organizations, educational institutions, and the set of philanthropic boards and foundations—the Rockefeller Institute for Medical Research (1901), the General Education Board (1903), the Rockefeller Sanitary Commission for the Eradication of Hookworm Disease (1909), and the Rockefeller Foundation (1913)—he established and endowed.[2]

Yet, despite this impressive record of philanthropic service, unparalleled in his day, the Standard Oil titan located his most important benevolent work elsewhere. "The best philanthropy," declared Rockefeller in an autobiographical sketch composed after he had largely retired from business, "the help that does the most good and the least harm, the help that nourishes civilization at its very root, that most widely disseminates health, righteousness, and happiness, is not what is usually called charity. It is… the investment of effort or time or money, carefully considered with relation to the power of employing people at a remunerative wage, to expand and develop the resources at hand, and to give opportunity for progress and healthful labour where it did not exist before."[3]

Rockefeller's conflation of business and benevolence represented a sacralization of the principles of liberal economy. The faith in the compatibility of the laws of the market and of God had in fact been frequently upheld in the strictures to Christian men of business that appeared regularly in the religious tracts of the mid-nineteenth century. But a devotion to the invisible hand could also push aside established notions of Christian service, and could demote the tradition of moral voluntarism and of "cheerful giving" that had defined American attitudes toward private benevolence for the previous century. Indeed, the idea that the provision of employment constituted a sort of benevolence was often invoked in defenses of businessmen who seemed to resent the intrusion of ethical restraints into the marketplace. When the notoriously parsimonious railroad tycoon Cornelius Vanderbilt died in 1877, the New York *Evening Mail* defended him by commenting, "It is the part of the Providence that overrules all human efforts and events, that such incarnations of energy and enterprise as Mr. Vanderbilt *must* serve the public uses, whether they want to do it or not." And in 1893, one speaker at a national conference of Baptists announced, "The man who possesses a fortune is *nolens volens* a benefactor to the community. He may be a misanthrope and atheist. But if such a man moves into a western city and begins to spend his money in the most selfish and ostentatious luxury, he is an *involuntary benefactor* to that city."[4]

Few Americans would have rejected the concept of an involuntary benefactor more ardently than Andrew Carnegie, the voluble Scottish emigrant who was the turn-of-the-century's most celebrated steward. Lacking Rockefeller's intense Baptist convictions, Carnegie understood stewardship in secular terms, with the invisible hand of economic law replacing the divine one of providential will. Carnegie articulated his views toward giving most famously in his 1889 tract, "The Gospel of Wealth." "The problem of our age is the proper administration of wealth, so that the ties of brotherhood may still bind together the rich and poor," Carnegie announced at the essay's beginning, and he offered stewardship as the problem's solution. The concentration of wealth in the hands of a select few was both socially beneficial and inevitable, he argued. Given the opportunities of the current age, individuals endowed with exceptional entrepreneurial and managerial skills could not help but make a fortune. But given that many of these opportunities depended on society itself, the man of wealth must consider himself "the mere agent and trustee for his poorer brethren."[5]

Indeed, the very skills that allowed the wealthy to accumulate fortunes also positioned them to be the most skillful agents of channeling part of that wealth toward the public good. This assertion claimed affinities with broader developments in the field of private benevolence in the late nineteenth century, when "scientific charity" reformers sought to rationalize charitable giving and to save it from a tradition of indiscriminate and inefficient almsgiving by injecting it with the discipline and administrative rigor of the corporate realm. Shortly before he was elected mayor of New York, the businessman Abram Hewitt, for instance, compared the properly administered and centralized charity organization to the Pennsylvania Railroad, since each had to rely on the principles of "division of labor and of co-ordination of agencies" to achieve success.[6]

Carnegie employed such arguments to validate his accumulative zeal. Since he was endowed with exceptional entrepreneurial and administrative talents that could ultimately be applied toward philanthropic endeavors, it was the *duty* of the socially responsible millionaire to increase his revenues. Through

this logic, Carnegie wrote, "[t]he struggle for more is completely changed from selfish or ambitious taint into a noble pursuit. Then [the man of wealth] labours not for self, but for others; not to hoard, but to spend. The more he makes, the more the public gets."[7]

A similar logic also led Carnegie to reject the selfish inclination of many wealthy Americans to leave their fortunes to their own family, as well as the more socially admired practice of bequeathing a personal fortune to public purposes; in neither case was the man of wealth honoring the public's "sacred trust" by actively using his skills to direct that wealth toward the public good. Carnegie insisted that the man of wealth could best honor this trust by assisting with the moral, intellectual and cultural uplift of the worthy poor, constructing "ladders upon which the aspiring can rise." In a subsequent essay, he suggested a number of objects of philanthropy that he believed could encourage such ascent: colleges and universities, free libraries, hospitals and medical research facilities; public parks and lecture halls; swimming pools; and (somewhat grudgingly) churches.[8]

Carnegie refused to assign rank among these various institutions. "What commends itself most highly to the judgment of the administrator is the best use for him, for his heart should be in the work," Carnegie argued. He was gesturing here toward the tradition of moral voluntarism that prized personal engagement with acts of benevolence, but he also maintained a devout faith that the particular talents of the man of wealth would serve him well in his philanthropic endeavors. It was this emphasis on the active entrepreneurialism of the steward that led him to reject any notion of an involuntary benefactor. Such an insistence on active stewardship also demanded the establishment of boundaries between certain business calculations and the philanthropic realm. Carnegie, for instance, steadfastly rejected the suggestion that he redistribute company earnings in the form of higher wages (or dividends) as a violation of the steward's calling. "The wealth gathered into one great stream is capable of doing more public good than if it had remained scattered in the hands of thousands, probably to be frittered away," he told an audience of young men at a New York church in 1892.

If such a philosophy converged neatly with Carnegie's own business strategy, premised on pumping the profits from his iron and steel works back into his plants, it also attracted the criticism of those who questioned Carnegie's right to make such judgments. William Jewett Tucker, professor at Andover Theological Seminary and future president of Dartmouth College, declared Carnegie's preachment a "belated gospel" that came "too late for a social remedy." Carnegie, noted Tucker, hoped to redistribute wealth, while "leaving the question of the original distribution of wealth unsettled, or settled only to the satisfaction of the few." Moreover, some of the beneficiaries of Carnegie's actual philanthropic program—which, at the time of the composition of his "Gospel," consisted largely of the provision of libraries and church organs to select communities—questioned the value of his largesse. As one steelworker at Carnegie's Homestead plant complained, "What good are libraries to me, working practically eighteen hours a day?" The question, in fact, exposed one of the internal contradictions of the stewardship ethic, suggesting that the means by which wealth was accumulated could negate the possible social good brought about by its redistribution.[9]

Those contradictions were somewhat relieved, and Carnegie's reputation as an exemplary steward was bolstered, when he extended his philanthropy beyond those communities with which he was intimately associated either through his business dealings or his personal life. In part due to his growing celebrity as a giver, in the 1890s Carnegie found himself inundated with requests from locales around the nation for the funds to establish libraries of their own. Realizing that he could no longer apply the necessarily attention to these solicitations, he passed the correspondence (and, in a sense, the mantle of stewardship), over to his secretary, who devised a set of clearly defined, quantitatively verifiable criteria for selection, that would operate independent of the benefactor's "heart." Such a practice suggests yet another of stewardship's internal contradictions, at least as the ethic was applied by the leading industrialists of

the period. The stewardship ethic was rooted in a moral individualism that linked the accumulative and philanthropic talents of the man of wealth. Essential to the identity of the Gilded Age steward was the image of the businessman burning the middle oil in his study, pouring over "begging letters" with the same care that he applied to contracts and business proposals. Yet the scale of the fortunes amassed at the end of the nineteenth century overwhelmed the capabilities of the individual to manage. They demanded a degree of bureaucracy and impersonality that seemed to erode stewardship's foundations. Many of the leading industrial philanthropists of the period hired assistants to handle their benevolence; a few established philanthropic foundations, staffed by a new breed of professional almoners. At the turn of the century, the imperatives of stewardship thus pushed philanthropy in a direction that mirrored developments in the corporate realm, with a growing separation between ownership and management of the wealth to be redistributed. Thus, although amongst many Americans a commitment to a deeply personal "cheerful giving" was still strong, at the turn of the century, the most celebrated occasions of stewardship often helped elide the distinctions between individual and corporate giving.[10]

The Problem of the Corporate Soul: Corporate Personhood and its Relation to Corporate Giving

Of course, theories of corporate personhood emerging in the legal realm had already begun to erode such distinctions. The 1886 Supreme Court decision, *Santa Clara v. Southern Pacific Railroad* determined that the corporations should be considered a "person" under the Fourteenth Amendment and thus should receive the Amendment's protections. Yet the judicial personification of the corporation was by no means absolute; two decades later, another Supreme Court case extended the rights enumerated in the Fourth Amendment to corporations but refused to do so with those of the Fifth. The partial personification of the corporation reflected unresolved debates over theories of corporate purpose, which complicated justifications of corporate giving and corporate social responsibility more generally.

A brief discussion of these theories and their relation to rationales for corporate giving is thus in order. Well into the nineteenth century, charters of incorporation were granted by state legislatures largely to enterprises deemed to serve the public interest, such as canals, banks, and insurance companies. These corporations were considered, as one historian has noted, "quasi-public agencies of the state." The grant or concession theory linked to such a practice assumed corporations to be artificial entities, created by the states, and thus, susceptible to the states' active regulation. By the 1820s, the power granted to states over corporations had been tainted by political favoritism and corruption, producing a movement by the 1850s that called for general or free incorporation. This practice in turn was premised on an understanding of corporations as private, as opposed to public, in nature, the result of natural market forces that brought together groups of individual property holders, much like a partnership. At the end of the nineteenth century, a third view emerged that also regarded corporations as essentially private and not public, but that insisted that the corporation should be considered an organic and natural entity, and not merely an agglomeration of individual shareholders.

Each of these theories could bolster or undermine justifications for corporate giving. Because the artificial entity theory was linked to an understanding of the corporation as created by the state, it regarded corporations as freighted with responsibilities to the broader community in which they were situated. Yet the corporate nature of those responsibilities made analogizing to a potentially sustaining tradition of individual giving difficult. Additionally, the grant theory of the corporation supported the aggressive use of the *ultra vires* doctrine, which voided most transaction outside those specifically granted to the corporation by its charter, a category in which many commentators initially placed charitable giving. An

understanding of the corporation as resembling a partnership maintained closer ties to a tradition of individualism in which charitable giving was perhaps more intelligible, but it encouraged a conception of shareholders as driven entirely by profit maximizing, which left little room for redirecting some of those profits to charitable causes. The natural entity theory, which became the dominant paradigm by the early twentieth century, seemed to offer a more favorable foundation on which to construct justifications for corporate giving. It vitiated the authority of the *ultra vires* doctrine that could be used to delegitimize corporate giving, and helped concentrate power in the hands of corporate directors, who were often the most dedicated to pursuing philanthropic projects. And yet by focusing on the corporation as an organic unit, it still left unresolved questions of how to understand corporate giving in relation to more established and individualistic traditions of private benevolence.[11]

Indeed, none of these theories of corporate personality could sufficiently assuage basic fears within the public as to the morally alien and threatening nature of large-scale business corporations. As historian Roland Marchand has documented, these concerns were often expressed through the charge of "soullessness," a term that incorporated a whole litany of faults. Americans expressed concerns that corporations would harbor fewer scruples than the individual entrepreneur and thus would be more prone to acts of chicanery and abuse; they feared that corporations, lacking any moral core or conscience that could balance out the pursuit of profit, would cultivate a ruthless disregard for all consideration other than the bottom line; they imagined corporations as giant, faceless, and amoral institutions that threatened the personal and humane values on which community life depended. Perhaps one image, repeated in countless forms throughout the popular press, expressed these fears most poignantly: a skyscraping towering over a city, with church steeples, symbol of an old order's moral authority, huddled below.[12]

It was not surprising then, that religious leaders often took the lead in voicing fears over the spiritual and moral dangers posed by corporations (and, as we shall see, by their gifts as well). One of the most prominent among them was Washington Gladden, Congregational minister from Columbus, Ohio, and a leading figure in the Social Gospel movement. In an address he delivered at the Oberlin Summer School of Christian Sociology in June 1895 Gladden recognized that the massive corporations that had mushroomed throughout the nation had irrecoverably transformed the economic and moral relations among citizens. He appreciated that corporations could be employed to achieve much good but also harbored "enormous capabilities of evil." The corporation lacks soul and conscience, Gladden noted, and wrongs done in its name would fall on no one in particular. "Men are constantly performing acts, or consenting to acts, as members of corporations, that they would not do or allow it they stood alone." Ultimately, Gladden concluded, the corporation was not an "unmitigated evil," but "a great blind Samson that needs guidance." His remedy was not to abolish corporations, or to shackle them with onerous restraints, but to ensure that the individuals who operated under their aegis were so endowed with a spirit of Christ that they would "conduct the business of a corporation with a constant regard for the rights and interests of the whole community." In doing so, they would demonstrate that the corporation could serve as an affirmative moral agent; they would endow the corporation with a soul. But Gladden did not rule out the possibility of government regulation; if corporate officials shirked their responsibility, and allowed corporations to act as "gigantic egoisms, recognizing no relation to the community but that of a predaceous animal, then their power must be taken from them, at whatever cost."[13]

Gladden's extended appraisal of corporate morals was still very much rooted in an individualistic framework; it still regarded the corporation as the sum of its constituent human members. Such a framework made some sense in the early years of entrepreneurial capitalism, when the largest corporations were associated with a handful of founders and could be said to take on their personalities. Still, such a calculus became more complicated when judging the emerging corps of industrial philanthropists, directing huge corporate behemoths whose business practices were often of a morally dubious

nature, while using parts of the wealth generated by their firms to engage in morally commendable acts of benevolence. Critics of concentrated wealth often understood such a tension as a species of hypocrisy, a taking away with one hand what they gave back with the other. A popular conspiracy theory, for instance, dismissed Rockefeller benevolence by correlating Rockefeller donations to Standard Oil price hikes, as if his philanthropy was simply the effluvium of a corrupt and corpulent corporate behemoth. Many raised even broader concerns that corporate leaders could use their private giving to burnish the reputations of their firms, diverting attention away from corporate misdeeds and perhaps forestalling governmental interventions to correct them.[14]

Such, for instance, was the premise behind the tainted money controversy of 1905, in which Washington Gladden took a prominent role. In early 1905, John D. Rockefeller announced a gift of $100,000 to the American Board of Commissioners for Foreign Missions, the missionary arm of the Congregational Church. Although the American Board had solicited the donation, the announcement caused an uproar, as leading religious figures insisted that the Board return the "tainted money." Accepting the gift would suggest that the church endorsed Standard Oil business practices, which many assumed to be brutally committed to the pursuit of market control. Gladden spelled out the danger even more explicitly in a 1910 sermon. He pointed out that Rockefeller philanthropy often took the shape not of cash but of interest bearing securities from prominent corporations. The fact that the institutions receiving the gifts would suffer if the stock they held dropped in value effectively created a class of beneficiaries sympathetic to the business interests of the donor, and might encourage

> "a resolute resistance on the part of college professors, and trustees and the representatives of educational, philanthropic and religious organizations, against measures which seem to be demanded by public justice. In becoming the beneficiaries of these funds their interests had been enlisted in hostility to any attempt to correct injustices which may have grown up in the accumulation of these funds. [All those who benefit, or expect to benefit, from philanthropy] may be expected to regard with little favor any attempt to reduce the power of the great combinations from which their incomes are derived. To say the least, we must count it unfortunate that a large class of intelligent and influential citizens should be placed in a position in which their personal interests are in conflict with public justice."[15]

The controversy fizzled out after a few months when it was revealed that the American Board had actively solicited the donation and had in fact already spent much of it. But the tainted-money affair did occasion the earliest sustained reflection on the place of large-scale philanthropy in American life, and on the responsibilities of the public as beneficiaries of that philanthropy. It also forced the critics of philanthropy to construct a way to highlight the perils posed by such giving—as threats to democratic social ethics or to public morals—without entirely absolving the industrialists of the responsibilities of wealth. Finally, the controversy forced Rockefeller and many other major philanthropists to accept the suspicions that lingered over much of their benevolence and convinced them of the need to open up their private giving to public scrutiny, much as they began to accept the need for some degree of accountability and transparency in the corporate realm. Before the controversy, Rockefeller had always insisted that his giving be done with little fanfare. But a year later, when John Archbold, who had replaced Rockefeller as president of Standard Oil, requested from Rockefeller a list of all the educational institutions to which he had contributed significant endowments, in order to bolster the company's public image, Rockefeller grudgingly agreed.[16]

"It Pays": Welfare Work, Business Paternalism and the Direct Benefit Rationale for Corporate Philanthropy

Indeed, the controversy demonstrated that it was increasingly difficult for the same individual to keep separate his identity as a private citizen, whose benefactions were between himself and his God, and as a corporate official, whose actions an increasingly aggressive public sought to superintend. One way to deal with such a development lay in engaging the tradition of what came to be called welfare work (or later, welfare capitalism), in which employers assumed certain responsibilities toward employees as part of the conditions of employment themselves, thereby merging those two identities. In the early decades of the nineteenth century, with labor in high demand, investments in the health, welfare and education of workers were considered legitimate costs of business, necessary both to attract workers and to keep them productive. In the scores of company towns that sprouted up throughout the nation, from Boston's textile mills to more isolated mining towns, business leaders appreciated both that "community conditions and economic interests were interwoven" and that their economic interests and benevolent motives converged. They thus assumed a paternalistic regard for their employees, often providing them with housing, libraries, schools, and religious institutions.[17]

The most celebrated, and ultimately infamous, example of business paternalism was set by George Pullman, the luxury railroad car magnate, through his eponymous company town on the outskirts of Chicago. Pullman could boast clean, orderly streets, attractive houses, parks, and an impressive public square and library. George Pullman hoped the town would serve as "a bright and radiant little island in the midst of the great tumultuous sea of Chicago's populations;" in other words, that its attractions would draw workers from out of the protective embrace of the city's labor organizations to the Pullman Palace Car Company. In fact, Pullman regarded his company's $8 million investment in the town in precisely those terms, as a capital outlay that would produce reliable returns, in both the fostering of an industrious workforce and in the steady rent that the workers were required to pay. He carefully controlled nearly every detail of life in Pullman, from the price of coffee to the selection of ministers in its churches. Pullman thus sought to strike the delicate balance often required of promoters of corporate philanthropy, accepting accolades as the paterfamilias of a model industrial town while burnishing his reputation as a hardheaded businessman, with his company's bottom line, and not his workers' welfare, as his primary consideration. The balance had always been a precarious one, and in Pullman's case, it collapsed spectacularly. The precipitating crisis was the economic Panic of 1893-94, which led Pullman to cut wages by nearly 25% without reducing rents or other costs borne by the town's employee-residents. Pullman's workers struck, and Pullman, considering them ungrateful, refused to negotiate and fired many of them on the spot. Sympathy strikes soon spread and immobilized nearly all the rail network surrounding Chicago. Federal troops joining with local police and state militia ultimately put the strike to an end, but not before millions of dollars in damage and 34 lives were lost. The fact that Pullman's philanthropy did little to mollify worker resentments, and seemed almost to have aggravated them, led to a critical reappraisal of welfare work, which indicted its failure to consider worker autonomy and self-respect. The noted economist Richard Ely declared Pullman (the town) "un-American. It is a benevolent, well-wishing feudalism," while Chicago reformer Jane Addams charged that Pullman (the man) had "cultivated the great and noble impulses of the benefactor, until the power of attaining a simple human relation with his employes [sic], that of frank equality with them, was gone from him."[18]

A chastened, if equally ambitious version of welfare work emerged out of the ashes of Pullman's paternalism at the start of the twentieth century, as many business leaders embraced the corporation itself, and its bureaucratic, impersonal ethos, as the primary site for their giving. As historian Marchand writes, after the passing from the scene of the first generation of corporate titans, much of the managerial elite, "lacking extensive fortunes or renown within a specific local community, could not enjoy a reputation

for philanthropic service apart from their role in the corporation." As these corporations grew in size and complexity, these elite began to systemize their company's welfare programs, endowing them with a separate administrative apparatus managed by a salaried staff. Companies offered calisthenics classes and free hot lunches, pension funds and life insurance, benefits extended to employees less as heartfelt largesse for which workers should be grateful and more as the terms of a contractual relationship. Such impressive workplace programs soon outpaced proposed legislative reforms. In fact, one of the prime motivations behind welfare work was as a means of forestalling and co-opting welfare statism. As George Perkins, then finance committee chairman of International Harvester, explained the company's establishment of an employee death, disability, and sickness plan in 1908, it was created "with a view to anticipating any legislation that might be enacted in this country." Yet welfare work served more than as a talisman against government intervention. Employers embraced it out of traditional commitments of paternal responsibility; indeed, the introduction of a large number of women into the workforce often triggered the establishment of welfare programs, and women were significantly overrepresented as beneficiaries of such programs. Employers also turned to welfare work out of the belief that it would stimulate worker productivity and reduce worker absenteeism or thwart campaigns for unionization. Lastly, employers also endorsed welfare work in order to generate positive publicity for the firm. Although only a small minority of firms could claim elaborate welfare systems, those who did tended to be the largest corporations with the largest number of workers, concentrated in one geographical location, and so almost always attracted considerable public scrutiny. This attention could be employed to the firm's advantage if the focus was on well-fed, content employees. Articles appeared frequently in the popular press describing the company picnics, baseball teams, and sparkling cafeterias sponsored by employers, and heralding a new breed of corporate officials who practiced "Humanitarianism as a Business Investment."[19]

No corporate leader gained more public adulation for his pioneering embrace of welfare work than did John Patterson, president and founder of National Cash Register Company. In the 1890s, Patterson turned to welfare work after a series of workplace mishaps—including a client's return of $50,000 worth of defective cash registers and three fires at the company's Dayton factory—convinced him of the perilous state of his workers' morale. After moving his desk to the factory floor to investigate conditions personally, Patterson committed himself to improving worker satisfaction by ensuring that the company would actively pursue improvements in employee welfare. "By 1904, the firm's 3,800 workers could take advantage of numerous benefits: a library with 900 books and subscriptions to monthly and weekly journals; a clubhouse for entertainment, lectures and meetings; calisthenic 'recesses' during work hours; a kindergarten for employers' children; a men's and women's dining room serving low-cost lunches during the day and diner to overtime workers at night; art, dance, English, history, and needlework classes; Sunday outings; and scenic gardens and recreational parks designed by none other than Frederick Law Olmstead for the employees' use."

Like Pullman, Patterson was adamant that the reforms he instituted at his Dayton plant did not originate from charitable motives, but from his belief that they would boost the company's bottom line. Happier workers were more productive workers, a message he advertised in posters hung around the factory—referring to NCR's welfare work—that declared, "It Pays." But unlike Pullman, Patterson's desire to avoid the stigma of the soft-hearted philanthropist and to maintain his stature as a businessman was also assumed in self-conscious deference to his workers' reluctance to be considered objects of charity, and their understanding of employer benevolence as necessitating a compensating gratitude that threatened their independence and dignity. Patterson came to recognize this suspicion gradually. When women factory workers refused to patronize a luxurious new women's luncheon, Patterson eventually struck on the idea of charging a nickel for entry. Soon, the dining room was full. This strategy became the dominant mode for much of the public discussion of welfare work, which staked its legitimacy on a disassociation with purely altruistic measures, while being presenting as a step toward the fulfillment of the employers' public responsibilities.

Patterson soon turned into an evangel of welfare work, hoping to convince his fellow corporate leaders that improving conditions can "be reduced to a business basis," as he wrote in one article, since they would lead to greater worker efficiency. His experience at NCR had taught him, he declared, "that kindness pays, in dollars and cents, a high rate of interest upon the expenditure." It is in quite clear that NCF's welfare programs did pay for Patterson. In part due to the publicity gleaned from its welfare programs, NCF soon gained control over the cash register market to such an extent that the government actually prosecuted Patterson for antitrust violations. Although initially convicted, Patterson avoided jail time, and charges against the company were dropped several years later, largely because of his reputation as a public-spirited industrialist.[20]

The "It Pays" rationale extended beyond welfare work and helped established criteria to determine the appropriate scope of corporate philanthropy, where the countervailing pressure to the benefactor's altruism was not his reputation as a shrewd businessman, but legal strictures based on shareholder demands and the limits imposed by enacting charters. Courts (and IRS policy) gradually came to settle on an understanding that when a "direct benefit" to the firm could be clearly demonstrated, as with the improved wellbeing of employees, corporate giving could be considered a legitimate business expense. This rationale helped to support the extension of a firm's focus beyond its walls to broader programs of civic betterment. Indeed, as corporations grew in size and became more deeply entrenched in certain communities, it became increasingly difficult to distinguish between the responsibilities for their internal conditions and policies and for the conditions of the locales in which they were situated and from which their workers were recruited (though this left the issue of the divided responsibilities of headquarters and branch offices unresolved). Although such programs only developed a critical mass in the early twentieth century, precedents had been established in the century before, especially by the railroads, corporations that often set up their employees in outposts with few established social institutions. The Young Men's Christian Association (YMCA) became the most adept of these institutions at courting corporate donors, and in the decades after the Civil War, arranged a profitable partnership in which railroads contributed significant sums (often more than half) of the funds necessary to establish YMCA facilities in stations, which could house trainmen overnight. In the 1870s and 1880s, a number of high-profile donations by railroad executives, including $250,000 from Cornelius Vanderbilt in 1888 for a building in New York, sparked a nation-wide movement. By the turn of the century, the YMCA had established almost 200 branches, using railroad donations; "[f]orty-two companies reported regular annual contributions totaling nearly $500,000." A 1903 YMCA publication claimed that most railways had established Associations at their principal division points, "and consider them an indiscpensable part of railroad equipment for the economical and effective handling of passenger and freight business." In fact, the YMCA became the first organization to engage in the systematic solicitation of business firms, as opposed to private individuals, as the primary means of raising its funds. Using that experience, several of the pioneers of YMCA fundraising went on to establish the modern fundraising profession with its intensive coordinated campaigns.[21]

The direct benefit theory encouraged other corporations to make donations to local welfare, educational or medical facilities. However, it is important to point out that the theory circumscribed possible donations as much as it legitimated them. The restricted nature of early corporate philanthropy was clearly enunciated in a Michigan Supreme Court case involving Henry Ford and two shareholders of his Ford Motor Company, the Dodge brothers, who would soon become Ford's competitors in the automobile market. The brothers protested Ford's 1915 decision to suspend the payments of a special dividend in order to offset an expanded production of a cheaper automobile. A Michigan court sided with the Dodges, declaring that Ford's primary obligation was not to the public—which the company might have been serving through the provision of cheaper cars—but to its shareholders. Ford then appealed to the

state Supreme Court, which in 1919 upheld the lower court's decision. The Court asserted that by reducing the price of the car, the company would be reducing its potential profits; the motives for such a move, they assumed, were eleemosynary, citing Ford's ambition to "employ still more men, to spread the benefits of this industrial system to the greatest possible number, to help them build up their lives and their homes." Such considerations, the court insisted, had no place in the boardroom (though as NYU Law School's Geoffrey Miller has pointed out, the court badly mischaracterized Ford's main motives, which had less to do with altruism than with driving the Dodges out of the market and depriving them of the capital which they would need to begin production). "A business corporation is organized and carried on primarily for the profit of the stockholders," the court declared. The discretion of the directors was to be employed only in the selection of means to achieve that end, and not in election of a different end to pursue. "It is not within the lawful powers of a corporation to shape and conduct a company's affairs for the merely incidental benefit of shareholders and for the primary purpose of benefiting others." The court did leave open some room for the company to pursue its workers' welfare, but it insisted that there was a difference between "an *incidental* [my emphasis] humanitarian expenditure of corporate funds for the benefit of the employees, like the building of a hospital for their use and the employment of agencies for the betterment of their condition, and a general purpose to benefit mankind at the expense of others."[22]

World War One and the Emergence of Corporate Philanthropy

Operating under the shadow of such an admonition, proponents of corporate giving continued unsteadily, lacking certainty as to the legitimacy of an expanded scope for giving, to say nothing of the benefit of tax incentives that might bolster their cause. Not till a surge of giving during World War One focused attention on the precarious legal position of corporate giving did sufficient pressure arise to remedy the situation, and even then, it did so only temporarily. At the very least, the war years marked the first instance of widespread and large-scale corporate giving. F. Emerson Andrews, the early historian of corporate giving "pin-point[ed] 1917 as the year in which corporation contributions first reached a substantial total in the history of American philanthropy." Several developments converged to bring about this increase in corporate giving. The systematic solicitation and carefully organized "whirlwind campaigns" that had been crafted by fundraisers associated with the YMCA, and that had been directed increasingly toward corporations, began to bear fruit. Additionally, the wartime patriotic fervor, and the high-profile assignment of businessmen to government positions, heightened a commitment among many within the business community to regard their status as corporate leaders as public positions. At the very least, talk of a vaguely defined "service" being an essential component of American business helped to quiet the concerns of some corporate officials over their right to give corporate funds to worthy causes.[23]

The first organization to receive significant corporate contributions during the war years was the American Red Cross, designated by President Wilson as the nation's official relief agency and an auxiliary of the armed forces. During a 1917 fundraising campaign, corporations subscribed more than $18 million to the Red Cross, including gifts of $1 million from General Electric, $1.5 million from Anaconda Copper, and 5000 Model T Fords from Henry Ford. "The National Bureau of Economic Research, reviewing Red Cross files of contributors of $1000 or more [to a 1918 campaign], discovered a total of 1,204 names of corporations spread over 210 communities in 27 different states." The YMCA also relied on corporate contributions for its wartime drives, receiving $500,000 from subsidiaries of United States Steel and $250,000 from Standard Oil. Reviewing contemporary press accounts, F. Emerson Andrews has suggested that corporations might have directed as much as $20 million to the YMCA's 1918 campaign. Finally, the organizers of the United War Work Campaign, a consolidated fundraising drive that joined many of the leading relief agencies (including the YMCA, the YWCA, the Salvation Army and

the Jewish Welfare Board), placed a special focus on courting corporate contributors, even setting quotas for certain firms, and urging corporations to match employee contributions. Their efforts were rewarded with some impressive donations, with $5 million from the United States Steel Corporation the largest.[24]

Despite such high-profile gifts, many corporate officials continued to doubt their authority to direct corporate funds to charitable ends without shareholder authorization. In 1917, Red Cross officials sought to relieve these concerns through a plan in which corporations were encouraged to send out with their dividend checks a form that would permit the stockholder to sign the dividend over to the Red Cross; some 150 corporations did so, sending nearly $18 million to the organization. Several states, including Texas (1917), New York (1918), Illinois (1919), and Ohio (1920), also responded to such concerns by passing permissive legislation, authorizing corporate contributions. During the 1918 Red Cross campaign, Congress also supported corporate giving with a bill permitting contributions to the organization by national banks out of the funds available for dividend payments.[25]

With the war's end, and the termination of such authorization, as well as the ebbing of patriotic pressure, the doubts regarding the legitimacy of corporate giving waxed larger. Yet corporate giving did not experience a significant detumescence as pressure was applied from different sources. Andrea Tone, for instance, has cited the evolution of welfare work as encouraging the growth of corporate philanthropy. By the 1920s, most of the elements of welfare work that had been developed with a female workforce in mind, and best allowed for the cultivation for favorable public opinion—the company picnics and softball games—had been replaced with contributory programs offering financial benefits, such as pension plans and health care, to a corps of male "bread-winners." Although these programs were immensely popular with the workers themselves, they did not necessarily make for good copy, and so corporate officials had to turn to philanthropy outside the firm to cultivate the corporate image.[26]

Additionally, the heady experience of the war years, when the Wilson administration recruited corporate leaders to staff the upper echelons of government agencies, had facilitated the development of a professional identity among businessmen rooted in a strong commitment to public service. Business leaders also assumed that the articulation of such a commitment would provide institutional legitimacy for corporations. Thus corporate officials adapted the stewardship tradition for the vicissitudes of twentieth century managerial capitalism. "The war," writes Morrell Heald, "emphasized a tendency to consider those in charge of various industries as trustees not merely for the owners of the particular industry but for the national community as well." In a speech before the Harvard Business School, for instance, Owen Young, the chairman of General Electric, insisted that he was "a trustee of the institution" and not merely "an attorney for the investor," with obligations to stockholders, employees, customers, and the general public. Harvard Law professor E. Merrick Dodd helped to clarify this line of thought in an influential 1932 article, "For Whom as Corporate Managers Trustees?" Dodd was responding to an earlier article by noted legal scholar on corporations, Adolf Berle, who had forwarded the trustee model as a means of understanding the corporate managers' responsibilities to the shareholder. Dodd maintained the fiduciary model of trusteeship but expanded it to include a responsibility to the greater public as well. As he wrote, the public had begun to view "the business corporation as an economic institution which has a social service as well as a profit-making function," and he sought to construct a theory that would validate that development.[27]

Of course, establishing some basic corporate responsibility to the public did not clarify the nature of that responsibility. The call to "service" maintained the versatile ambiguity that had always distinguished it, since it could suggest both the benefit provided to the customer through the normal operation of business as well as that provided to the larger community through the support of social and educational institutions. Indeed, the arguments made by business leaders such as Boston merchant E.A. Filene in the early twentieth century—that "Nine-tenths of a businessman's best public service can be rendered by virtue of

the way he conducts his business," through the provision of quality cheap goods and the employment of a workforce—were echoed by corporate leaders in the 1920s, such as General Electric's Gerald Swope.[28]

Yet others pushed a more robust view that sought to extend corporate responsibility beyond a customer service model. Such pressure was applied most assiduously by the leaders of the consolidated social welfare organizations, the community chests, that emerged out of the local "war chests" and that would dominate the charitable landscape for the next several decades. Chests conducted joint fund-drives for the leading social welfare agencies in a community, and then distributed those funds to their constituent member agencies, to guard against donor fatigue and an indiscriminate allocation of charitable resources within a community. Ironically, given the separation of management from ownership which had come to define corporate organization, some corporate officials initially resisted deferring to chest officials on the ultimate beneficiaries of their donations; they were especially concerned that some programs that received chest funds could not demonstrate any direct benefit to the corporation. But community chests provided too attractive an outlet for corporate giving for such resistance to persist. And, ironically, the separation of management from ownership provided one basis for that attraction, since few shareholders lived in the cities in which corporations actually conducted their business. As a 1920 statement from the Central Council of Social Agencies of New Bedford, Massachusetts explained, "The individual stockholder throws upon the corporation management the responsibility for the conduct of the enterprise in which he is an owner. The same responsibility rests upon the corporation management to assume the corporation's share of the support of the social agencies of the city."

Moreover, the bureaucratization of chests, from organizational models largely adapted from the corporate realm, appealed to corporate leaders, who often took the lead in organizing chest campaigns. Chests ultimately offered an irresistible convenience, providing a single channel through which funds could be directed in order to honor the corporation's local responsibilities (though the often-invoked promised that a single annual contribution to a chest fund drive would inoculate a corporation against further solicitations that year was rarely fulfilled). Corporations contributed some $2.5 million to community chests in 1920, and $9 million in 1925. In many of the years in the 1920s, more than twenty percent of the funds raised by community chests came from corporations, and in some cities, especially those with a heavy industrial base, that share rose to more than forty percent.[29]

Although there is little reliable data for the amounts of corporate giving during the Great Depression—there is a gap between a National Bureau of Economic Research study that tracked corporate giving from 1920 till 1929 and the information that was available due to the corporate charitable tax deduction in 1936—what little evidence there is suggests that giving actually rose in the Depression's first years, in part because the final years of the 1920s had witnessed a slowdown in corporate contributions. The economic crisis did, however, puncture many of the pre-Crash pretensions of "industrial statesmen," few of whom managed to muster much visionary leadership; some of those who had most vocally touted business' commitment to public service were implicated in the corporate misdeeds that had precipitated the Crash. As one writer in the reform journal *The Survey* commented in 1930, "Nobody bothers much in these days about whether a corporation has a soul or not." Indeed, the economic crisis exposed some of the tensions at the heart of corporate philanthropy, as corporations continued to make donations even as they fired workers or slashed their salaries. The impotence of the business leadership, and the distance between their high rhetoric and the reality of the economic catastrophe that they had helped to generate, merely highlighted the insubstantiality of early theories of corporate social responsibility. Not for another decade would the rhetoric of "industrial statesmanship" and public service regain its credibility and reassert itself as vigorously among corporate spokesmen as it had in the 1920s.[30]

The 1935 Revenue Act and the Struggle for Legal and Political Legitimacy

But if some corporate leaders accepted a more modest appraisal of their public duties, those who championed corporate giving did not abandon the cause. They continued to contribute to community chests, while some firms made direct contributions toward local unemployment relief, although this was a more controversial outlet for corporate giving. They also continued to campaign for a charitable deduction for corporate donations, to match the deduction grated to individuals in 1917, which would provide not merely financial incentives but also an important degree of legitimization. In this regard, they met with a significant legal setback in the Depression's early years. Over the previous decades, corporations had operated under the assumption—encouraged by Treasury rulings and legal decisions, though not by Congressional statute—that they could direct some portion of their funds to local charities, since those charities assumedly provided some benefit to the corporation's employees. The demand that these benefits be "direct" had proved rather onerous, but there was some evidence of a liberalization of the conditions placed on a corporate donation for it to be considered a business expense. In 1932, the Internal Revenue Bureau had ruled in favor of contributions so long as "the taxpayer corporation can show it reasonably contemplated a financial return commensurate with the payment and was motivated by such expectation of a financial return in making the payment." In 1934, however, the commissioner of the IRS ruled that the Old Mission Portland Cement Company had erred in deducting as a business expense a contribution to the San Francisco Community Chest. The gift was made not "for the benefit of the donor's employees," but had been undertaken out of the belief that such a donation "resulted in good will toward the petitioner and increased its business," the commissioner claimed. At the behest of the community chests, the company appealed the decision. In 1934, the Supreme Court upheld the lower court's decision, declaring that the determination of whether a contribution provided a benefit to the employer or his workers was best made by Internal Revenue officials. Instead of creating a more serviceable definition of a "direct benefit" that would include charitable service to the community, laments historian Barry Karl, the court decision "blur[red]" this issue by creating a distinction between a charitable gift and a business deduction. Yet the blurred boundaries between self-interest and community service had been a condition of the discourse surrounding corporate giving from its earliest days. What had changed to make such treacherous legal and moral conditions more troubling to many was a more vocal corps of corporate leaders that sought to navigate the terrain.[31]

The decision convinced corporate leaders and their community chest allies that that they could no longer rely on courts to sustain corporate giving and would need to court government authorization. They spotted an opening in 1935, when President requested Congress devise new tax laws, which could provide a promising stalk on which to graft the corporate charitable deduction. In many respects, however, this was not an ideal moment to seek a favor from the administration. After the Supreme Court declared the National Recovery Administration unconstitutional, a program that represented the president's early plans to seek a partnership with business in the provision of social welfare, Roosevelt had pivoted to a more aggressively populist approach in which business force were viewed as reform's adversaries. The Revenue Act that emerged from Congress in fact came studded with several anti-corporate measures, such as a graduated corporate income tax, a tax on inter-corporate dividends and an excess profits tax. In such a climate, it seemed unlikely that the president and his Congressional allies would agree to provide such a long-sought windfall to the corporations.[32]

And yet, paradoxically, by providing an animating incentive to charitable giving, Roosevelt's redistributionist policies would ultimately serve to bolster the cause. Furthermore, those leading the campaign for the corporate charitable deduction were not in fact "economic royalists" whom the administration could demonize, but the leaders of the community chest movement, prominent reformers and social

welfare professionals, many with ties to the administration, who in the previous decade had come to appreciate the chests' dependency on corporate contributions. (This was not entirely a strategic decision, since many corporate leaders were actively involved in the attempt to scuttle the entire Revenue bill). Pleading with the White House and Congress, chest officials stressed the calamitous position they found themselves in during the Depression, and warned that the nation could not afford to spurn the assistance of corporations in shouldering the burden of private relief. As prominent New York Chest official Frederic Kellogg declared before the House Ways and Means Committee, "The sum that the Treasury would lose in taxes [from a charitable deduction] is nothing compared with Treasury's expense if private giving is not encouraged to resume in its old time terms."[33]

Those seeking the corporate charitable deduction met with an immediate setback when President Roosevelt made a public statement against the measure. Roosevelt claimed his opposition stemmed from the same reasons that led him to veto a bill as governor of New York that would have authorized public utility companies to contribute to charities. As the *New York Times* paraphrased his remarks, "Granting the exemption from profits thus contributed would mean the sanctioning of two unsound practices. First, the purchase of goodwill by corporations, and second, the authority of corporate officials to exercise a right in bestowing gifts that belong properly to the individual stockholders in the corporation." The president's reasoning displays one of the more striking characteristics of the discourse surrounding corporate giving, its melding of disparate attitudes toward large-scale enterprise: a suspicion of corporate motives with a jealous regard for corporate prerogatives (or at least those of corporate stakeholders). Indeed, there was a certain lack of consistency in the twining of these suspicions: if charitable giving constituted a deliberate and effective corporate strategy to shape public opinion, such that it demanded a countervailing governmental response, would it not also appeal to shareholders? At the very least, the president's comments make clear the persistence of a visceral uneasiness with corporate giving that transcended political orientation. As Walter Lippmann commented, Roosevelt's public statement seemed to have stamped corporate giving as not merely illegal but "immoral."

The Community Chest leadership immediately voiced its objections and urged their allies in the business realm to do the same. The national organization of Community Chests immediately put out a statement declaring that a discouragement of corporate giving would be discrimination "against the keystone of support for private social agencies." GE president Gerald Swope, one of the most vocal advocates of corporate giving, made a personal plea to the White House. Soon, a torrent of correspondence reached Congress supporting the charitable deduction. The reaction led Roosevelt to tempter his opposition, and he promised Swope that he would not veto the revenue bill if it passed Congress with the charitable deduction. The door was pushed ajar, and the deduction was soon added to the House tax bill, and was ultimately signed into law by the president in August 1935, what one historians has termed "a historic date in the chronicles of fund raising and philanthropy."[34]

One of the early benefits of this new dispensation was that it provided more reliable statistics on corporate giving—or at least on those gifts reported for the purpose of tax exemption. These statistics demonstrated that, despite the concerted campaign, businesses did not rush to take advantage of the deductions once they were offered; despite the fervor with which the deduction was pursued, a new millennium of giving was not yet at hand. Few corporations, in fact, came close to reaching the five per cent threshold. Indeed, it was not till a decade after the law's passage—in 1945—that corporate giving exceeded *one* per cent of corporate net profits. The amount contributed by corporations did increase steadily during the 1940s; it should be noted, though, that these increases barely kept pace with the overall rate of economic expansion, suggesting that they had more to do with the general wartime prosperity than with a new enthusiasm for corporate philanthropy. The years of the Second World War brought about another surge of corporate giving, as firms responded both to patriotic pressures and excess profit

tax rates that climbed to 90%. "Corporate charitable contributions increased from .38 percent of net corporate income in 1936 to 1.45 percent in 1945." According to a 1945 study of 578 manufacturing corporations, corporate contributions had risen from 27% of total community chests receipts throughout the nation in 1941 to 33% in 1944, and corporate leaders assumed prominent positions within the coordinated fundraising campaigns for war-related appeals held from 1943 till 1945. By the war's end, corporations were contributing some $266 million to charitable and educations purposes annually. Still, many firms chose not to engage in any philanthropic work at all. When F. Emerson Andrews conducted an investigation of corporate giving practices in the early 1950s, he discovered that only a third of the major companies he surveyed had a separate line for corporate gifts in their budgets.[35]

A.P. Smith Co. v. Barlow, the Indirect Benefit Rationale, and the Rise of Corporate Philanthropy

Although Congress repealed the excess profit tax in 1945, corporate giving continued to climb from its modest origins in the following decade, growing from $38 million in 1940 to $395 million in 1958. Again, much of this increase reflected the general post-war economic prosperity, but it also was the result of a strengthened ideological commitment to corporate giving that emerged out of the war years. The war convinced many business leaders of the nation's dependence on industrial research and on the necessity of cultivating an administratively, technologically and organizational adept labor force. This in turn required even greater investments in American higher education. The federal government had begun to make such a commitment, drastically increasing funding of colleges and universities in the years after the war. At that point, higher education had not been a significant beneficiary of corporate largesse, receiving about fifteen percent of corporate funds, which were directed largely toward scholarships and fellowships for company employees and toward research relevant to a company's business. A coterie of corporate leaders, including Frank Abrams, chairman of Standard Oil of New Jersey, Alfred Sloan of General Motors, and Irving Olds, former chairman of U.S. Steel, began campaigning for a more robust, expansive support of higher education, claiming that the failure to do so constituted a dereliction of corporate management's fiduciary duties to its stockholders. The rationales they offered went beyond the salutary contributions that graduates of such institutions could provide to industry. Instead, they focused on what Irving Olds termed the corporations duty to "protect…the long-range interests of its stockholders," citing the benefits that would accrue to corporations from the preservation of the institutions themselves. Olds made this case in a 1951 speech to Yale University, and added to it an ominous forecast of the threat public education posed to private enterprise.

> Capitalism and free enterprise owe their survival in no small degree to the existence of our private, independent universities. Both are not only important to each other—they are dependent upon each other…I want to say emphatically that… every American business has a direct obligation to support the free, independent, privately-endowed college and universities of this country to the limit of its financial ability and legal authority. If the day ever comes when our tax-supported competitors can offer the youth of America a better education than we can—and at a lower price—we are through."[36]

The imperative to promote private and voluntarist educational and welfare institutions helped to sustain the balance between public service and private gain that corporate giving strained to achieve. Such exhortations relied on the *indirect* benefit to the corporation through the preservation of the social conditions in which it flourished, as opposed to direct benefit gained through publicity or employee welfare. This was an updated version of a more established rationale for charitable contributions; in the

past century, calls to give had been invoked during periods of unrest when traditional American institutions were perceived by their elite guardians to be under attack from radical antagonists. Donating a part of one's wealth was understood to be a means of preserving the moral, social, and legal foundations of private property itself; such, after all, was the internal logic of stewardship. A variant of this argument had appeared in response to increasing corporate and municipal tax rates early in the twentieth century; corporations could reduce the need for such increases if they preemptively addressed the social welfare of the communities in which they operated. Claims that preserving a beleaguered private property regime was necessary to promote the American way of life rose during wartime, when foreign enemies loomed large. During World War One, for instance, former Supreme Court Justice Charles Hughes had defended corporate giving in such terms. "The question is not one of permitting the use of corporate moneys for what are or may be called 'worthy objects' outside the corporate enterprise," Hughes wrote to a colleague, "but for the maintenance of the very foundation of the corporate enterprise itself." (This quote was then used by a New York Red Cross fundraising committee).[37]

The experiences of the previous two decades had provided business leaders with ample inducements to invoke such arguments. The aggressively interventionist policies adopted by the Roosevelt administration to address the economic crisis of the 1930s, as well as the high levels of taxation imposed on private wealth, fueled the fears of some corporate leaders that the ramparts of private enterprise were being overrun. The federal Leviathan threatened to encroach upon the private sphere, making desperate allies of non-profit and for-profit organizations, who would need jointly to defend their distinctive traditions. Corporate leaders increasingly regarded private philanthropy as a counterweight to federal spending on education and social welfare, not merely in the sense that it would reduce the need for higher corporate taxes, but in its preservation of voluntarist principles. Thus, Beardsley Ruml, a prominent social scientist, businessman and philanthropist, championed corporate giving in order to preserve "the decentralized and private character of the decision-making process in all phases of our national life." General Electric official Richard Eells, in his 1956 book, *Corporate Giving in a Free Society*, similarly promoted corporate philanthropy as a means of reducing the scope of government action in American life, thereby lending "vitality to American values of individual freedom and human dignity." Corporate giving, according to Eells, was rooted in "enlightened self-interest," and should be included among a firm's "conservation costs." Its aim was "to protect and preserve the donor's autonomy by protecting and preserving those conditions within the greater society which ensure the continuity of a system of free, competitive enterprise." These arguments gained even greater weight in the context of the Cold War, an open-ended conflict in which American capitalism was imagined to face a dire threat from the spread of international Communism. During the 1950s, businessmen posed as heroic defenders of the free enterprise system, and corporate giving became another of the weapons in their arsenal, both through such giving's voluntary essence and in its contributions to the social and educational institutions upon which the system depended.[38]

Although the arguments for the indirect benefits of corporation giving were undoubtedly rhetorically powerful, it was not entirely clear if they would dispel the pall of illegitimacy that still hung over the practice. In the face of this uncertainty, it seems likely that corporate leaders masterminded a test case that they hoped would permanently settle the question. In 1950, New Jersey amended its laws allowing corporations to make contributions to educational institutions, though it was unclear whether the law applied to corporations chartered before that amendment. The next year, a group of shareholders of the A.P. Smith Company, a New Jersey fire hydrant manufacturer, challenged the legality of a gift of $1500 the company had made to Princeton University, and the case ultimately made it to the New Jersey Supreme Court. In a landmark 1953 decision, *A.P. Smith Co. v. Barlow*, the Court not only determined that the amendment to New Jersey state law covered corporations chartered before the amendment's enactment, but also issued a sweeping defense of corporate giving to educational institutions, validating the indirect benefit justification.

The passion with which corporate giving's allies defended A.P. Smith's actions before the court made it quite clear that more was at stake than a mere $1500 gift. Indeed, the shareholders made little effort to defend their opposition to the donation, lending further evidence to the suspicion that they were in league with corporate giving proponents. Princeton president Harold Dodd, for instance, claimed that if the court sided with the shareholders, it would discourage charitable giving to higher education, thereby weakening the voluntary and private sector and ultimately jeopardizing the foundations of American freedom. "If the time comes when all these centers [of private education] are absorbed into the government, then freedom as we know it," Dodd declared, "is at an end." As NYU legal scholar Miller wryly notes, "The implication was that unless we allow fire hydrant manufacturers to make gifts to Princeton University the country would be at risk of falling into communism and tyranny."[39]

The court offered several different defenses of corporate giving, thereby removing the need for permissive legislation and reducing the reliance on the direct benefit rule. The first was an appreciation of the increased social responsibility of corporations as a result of recent economic and political developments. "When the wealth of the nation was primarily in the hands of individuals, they discharged their responsibilities as citizens by donating freely for charitable purposes. With the transfer of wealth to corporate hands and the imposition of heavy burdens of individual taxation, they have been unable to keep pace with increased philanthropic needs. They have therefore, with justification, turned to corporations to assume the modern obligations of good citizenship in the same manner as humans do." But the court also embraced the underlying premise of the indirect benefit rationale, in which corporate giving helped prop up those voluntary institutions on which the free enterprise system relied. As the court declared,

> "[T]here is now widespread belief throughout the nation that free and vigorous non-governmental institutions of learning are vital to our democracy and the system of free enterprise and that withdrawal of corporate authority to make such contributions within reasonable limits would seriously threaten their continuance. Corporations have come to recognize this and with their enlightenment have sought in varying measure…to insure and strengthen the society which gives them existence."[40]

Defenders of corporate giving immediately applauded the decision for loosening the direct benefit straitjacket, and establishing the potential for a more systematic corporate effort to support non-profit organizations. As Richard Eells remarked, the court's decision "emphatically rejects the notion that immediate and direct benefit to the share owners alone can be the measuring rod of corporate powers… The justification for corporation philanthropy, in short, is not what it achieves for the community alone, but rather what it does to protect the wider corporate environment that sustains the share owners' profitable investment."[41]

But though the indirect benefit rationale certainly expanded the scope of corporate philanthropy, it also established boundaries of it own, since it insisted upon the avoidance of controversial causes that might trouble "the wider corporate environment." In the post-war decades, corporate leaders shied away from engaging the problem of race relations in the United States; in one prominent example, a subsidiary of United States Steel Corporation, headquartered in Birmingham, Alabama, refused to support a local effort by African-Americans to combat segregation and employment discrimination in the city. As the chairman of U.S. Steel explained, "Any attempt by a private organization like U.S. Steel to impose its views, its beliefs and its will upon the community by resorting to economic compulsion or coercion would be repugnant to our American constitutional concepts." Corporate managers were also often reluctant to direct funds toward religious institutions. A 1948 survey of corporate officials revealed that a majority did not approve of corporate contributions to religious causes or institutions, because "Religion

is a personal matter and better left to individuals not companies," while a 1953 survey in Cleveland found that less than 17% of corporations there would consider a funding request from a church. In a sense, the absence of corporate social responsibility in certain spheres of life was the converse of the disproportionate influence of corporate giving on others. Indeed, as F. Emerson Andrews argued, in a comment on the minuscule percentage of total giving represented by corporate philanthropy in the 1950s—around 5%—those numbers looked quite different, and the import of corporate philanthropy becomes more apparent, when religious giving, which makes up as much as half of all charitable gifts, is removed from the equation.[42]

By far the largest recipient of corporate giving in the post-war decades remained the community chests, and their successor, the United Funds. According to a 1950 survey, contributions to community chests made up some 36% of all corporate donations. Corporate leaders took a prominent role in the consolidation of the fund drives for community chests and national health organizations into the United Funds. The first of these drives was initiated by Henry Ford II, with the support of Walter Reuther, the president of the United Automobile Workers' Union. Indeed, more generally, the United Funds were marked by the cooperation of capital and labor; union leaders had come to appreciate the public benefits gained by corporate officials from associating themselves with high-profile fund-raising campaigns and had determined to gain some favorable publicity of their own. Such alliances allowed corporate givers to present themselves as engaged in a truly national and public enterprise that transcended, though did not violate, their private economic interests.[43]

Indeed, the 1950s witnessed a gradual softening of public attitudes toward corporate giving more generally. When Congress modified the Revenue Code in 1954 to permit corporate charitable deductions to exceed five per cent in a single year (if the excess was absorbed within the succeeding two year period), President Eisenhower supported the move in terms markedly different than those applied by President Roosevelt nearly two decades before. "By joining in the effort" to offer private alternatives to public governmental programs, remarked Eisenhower, "American corporations will properly and legally be assisting in the propagation of our American faith." And the public seemed to agree. A 1951 opinion survey reported that 80% of respondents approved of corporate giving; strikingly, 62% of stockholders also supported corporate giving by the companies in which they owned stock.[44]

And yet corporate giving's normalization, now apparently sanctioned by both the courts and the federal government, triggered currents of suspicion that continued to gain intensity in the decades to come. Some observers feared that a dependency on corporate philanthropy threatened to sap the vitality of individual giving; they pointed to a 1951 study in Indianapolis that revealed that the city's citizens had been giving at significantly lower per capita rates to community chest campaigns than had been expected. As the authors of the study hypothesized, "The greater the degree of corporate dependency, the greater the disappointingness of the general Chest performance per capita." Additionally, critics pointed with alarm to the rise of company foundations, tax-exempt and legally independent institutions that received funds from (and often shared employees and officers with) its companion company. In 1938, there were less than 20 such foundations; by 1945, there were some 208 of them, associated with many of the nation's major industrial firms. Company foundations allowed for a more stable allocation of charitable resources, free from much shareholder or political pressure, and for the full-time employment of professional philanthropic advisers. But they also operated as superb instruments of tax avoidance, as well as, as in the case of the largest among them, the Ford Foundation, the perpetuation of family wealth and dynastic corporate control. Fears of such vast concentrations of wealth led to several congressional investigations of foundations in the 1950s and 1960s.[45]

Thus, the post-*Smith v. Barlow* era witnessed both a growing level of confidence from the proponents of corporate giving, as well as a cautionary counter-reaction from those who warned against corporate hubris and sought to restrain corporate philanthropic ambition. Once again, business traditionalists, who sought to circumscribe corporate social responsibility within the economic realm, momentarily allied with business's traditional antagonists on the left, who, though they had once chastised business leaders for ignoring their responsibilities to the public, now began to suspect managerial trusteeship's authoritarian potentialities and to regard talk of corporate citizenship as a mere "mask for privilege." Historian Barry Karl has described one peculiar result of this disdain for the discourse of corporate social responsibility, which rather paradoxically transformed a commitment to corporate self-interest from a dereliction of duty into a *relatively* benign disposition: "Many people believed that business acting in its own interest, defined as narrowly as possible, was safer than business acting on the basis of some broadly conceived public or charitable interest." Such a view highlights the uneasiness that accompanied much twentieth-century organized philanthropy, rooted as it was in a stewardship ethic that conjoined the imperatives of accumulation and redistribution. In the closing decades of the century, corporate giving would continue to mature, as corporations developed philanthropic programs independent of community fundraising drives, as well as transcorporate networks and organizations to facilitate giving. Yet that uneasiness would persist, the dogged chaperone presiding over the union of the corporation's pursuit of social responsibility and higher profits.[46]

ENDNOTES

1 Morrell Heald, *The Social Responsibilities of Business: Company and Community, 1900-1960* (1970; rev. ed., New Brunswick: Transaction Publishers, 1988), 19.

2 Parts of this essay have been adapted from Benjamin Soskis, "The Problem of Charity in Industrial America, 1873-1915 (PhD diss., Columbia University, 2010), chapter 4. Folder 9, Box 4, William O. Inglis interview notes (I), RG 1 John D. Rockefeller Papers, Rockefeller Family Archives, Rockefeller Archive Center, Tarrytown, New York [hereafter RAC]; William Hoster manuscript, page 53, Folder 12, Box 4, (series I) RG 1 John D. Rockefeller Papers, Rockefeller Family Archives, RAC.

3 John D. Rockefeller, *Random Reminiscences of Men and Events* (New York: Doubleday, Page & Company, 1909), 141-142.

4 *Evening Mail* quoted in Sigmund Diamond, *The Reputation of the American Businessman* (Cambridge: Harvard University Press, 1955), 61, 62; Henry F. May, *Protestant Church and Industrial America* (New York: Octagon Books, 1963), 192.

5 Andrew Carnegie, "The Gospel of Wealth," in *The 'Gospel of Wealth' Essays and Other Writings* (New York: Penguin Books, 2006), 1, 10.

6 Hewitt quote in Roy Lubove, *The Professional Altruist: The Emergence of Social Work as a Career, 1880-1920* (Cambridge: Harvard University Press, 1965), 6. For more on the scientific charity movement, see Frank Dekker Watson, *The Charity Organization Movement in the United States: A Study in American Philanthropy* (New York: Macmillan, 1922), and Dawn Greeley, "Beyond Benevolence: Gender, Class and the Development of Scientific Charity in New York City, 1882-1935" (PhD diss., State University of New York-Buffalo, 1995).

7 Andrew Carnegie, "The Advantages of Poverty," in Carnegie, *The 'Gospel of Wealth' Essays*, 50.

8 Carnegie, "The Best Fields for Philanthropy," p. 18-28, in *The "Gospel of Wealth" Essays*.

9 Carnegie, "Best Fields for Philanthropy," 29; Andrew Carnegie, "The Gospel of Wealth," in *Lectures to Young Men Delivered in the Church of the Divine Paternity* (New York, 1892), 14, in Container 250, Andrew Carnegie Papers, Manuscript Division, Library of Congress, Washington, DC; William Jewett Tucker, "'The Gospel of Wealth,'" *Andover Review* XV no. 90 (June 1891), 631, 633, 634, 637, 645; Curtis Miner, "The 'Deserted Parthenon': Class, Culture, and the Carnegie Library of Homestead, 1898-1937," *Pennsylvania History* 57, no. 2 (April 1990), 113.

10 For a contemporary discussion of this trend, see *New York Times Magazine*, June 12, 1904, p. 1. Abigail A. Van Slyck, *Free to All: Carnegie Libraries and American Culture, 1880-1920* (Chicago: University of Chicago Press, 1995), 22.

11 Alan Trachtenberg, *The Incorporation of America: Culture and Society in the Gilded Age* (New York: Hill & Wang, 1992), 6; Morton J. Horwitz, *The Transformation of American Law, 1870-1960: The Crisis of Legal Orthodoxy* (New York: Oxford University Press, 1992), chapter 3.

12 Roland Marchand, *Creating the Corporate Soul: The Rise of Public Relations and Corporate Imagery in American Big Business* (Berkeley: The University of California Press, 1998), 7-10 (for one example of the skyscraper-dwarfing-church image, see page 9).

13 Washington Gladden, "The Relation of Corporations to Public Morals," *Bibliotheca Sacra* 52, no. 208 (October 1895), 612, 613, 620, 625, 627.

14 For expressions of the conspiracy theory, see the cartoon in the Detroit *Times*, August 25, 1909, clipping in JDR Sr. Scrapbook, Rockefeller Family Archive, RG 1, Series M [reel 2], RAC and JDR Jr. to Ivy Lee, May 3, 1920 [copy], Rockefeller Family Archives, RG 2 OMR, Series H, Folder 1052, Box 140, RAC.

15 Washington Gladden, "Charity and Integrity," April 3, 1910, Box 76, Washington Gladden Papers, Ohio Historical Society, Columbus, Ohio. For more on the tainted-money controversy, see Benjamin Soskis, "The Problem of Charity in Industrial America, 1873-1915 (PhD diss., Columbia University, 2010), chapter 5 and Jacob Henry Dorn, *Washington Gladden: Prophet of the Social Gospel* (Columbus: Ohio State University Press, 1966), chapter 9.

16 Ron Chernow, *Titan: The Life of John D. Rockefeller, Sr.* (New York: Random House, 1998), 448.

17 Peter Dobkin Hall, "Business Giving and Social Investment in the United States," in *Philanthropic Giving: Studies in Varieties and Goals*, ed. Richard Magat (New York: Oxford University Press, 1989), 223; Heald, *Social Responsibilities of Business*, 3. As Morrell Heald has pointed out, the paternalistic relationship between employee and employer was often less developed in cities, where the multiplicity of firms attenuated lines of direct responsibility, and where other benevolent institutions, private and public, could care for worker needs. Heald, *Social Responsibilities of Business*, 6.

18 Trachtenberg, *Incorporation of America*, 223; Heald, *Social Responsibilities of Business*, 8-9. For the most sophisticated contemporary discussion of the Pullman strike and its relation to Pullman's benevolence, see Jane Addams, "A Modern Lear," Survey 29 (November 2, 1912), 131-137.

19 Marchand, *Creating the Corporate Soul*, 166; Andrea Tone, *The Business of Benevolence: Industrial Paternalism in Progressive America* (Ithaca: Cornell University Press, 1997), 33, 35 [Perkins quote], 55, 142, 177; Heald, *Social Responsibilities of Business*, 35, note 21, quoting *Current Literature* 53 (December 1912). For some striking images of welfare work in action, including company calisthenics classes, tug-of-war and pie-eating contests, dance classes, and baseball games see Tone, *Business of Benevolence*, 82, 96, 106-110, 155-157.

20 Tone, *Business of Benevolence*, 66-67 (quote), 69, 214; J.H. Patterson, "Philanthropy from the Standpoint of Business," *Public Opinion* 20 no. 25 (June 18, 1896), 780.

21 Jerome L. Himmelstein, *Looking Good and Doing Good: Corporate Philanthropy and Corporate Power* (Bloomington: Indiana University Press, 1997), 16-17; Heald, *Social Responsibilities of Business*, 8-13, 36; Barry D. Karl, "The Evolution of Corporate Grantmaking in America," in *The Corporate Contributions Handbook*, ed. James P. Shannon (San Francisco: Jossey-Bass Publishers, 1991, 26; F. Emerson Andrews, *Corporation Giving* (1952; repr. New Brunswick, NJ: Transaction Publishers, 1993), 24-25 (YMCA quote); Scott M. Cutlip, *Fund Raising in the Untied States: Its Role in America's Philanthropy* (New Brunswick: Transaction Publishers, 1990), chapters 2-3.

22 Nancy J. Knauer, "The Paradox of Corporate Giving: Tax Expenditures, The Nature of the Corporation, and the Social Construction of Charity," 44 *DePaul L. Rev.* 1 (Fall 1994), 24-26; Andrews, *Corporation Giving*, 232 (Ford quote); Geoffrey Miller, "Narrative and Truth in Judicial Opinions: Corporate Charitable Giving Cases," New York University Public Law and Legal Theory Working Papers, 2009, accessible at http://lsr.nellco.org/nyu_plltwp/155, 9; Hall, "Business Giving and Social Investment," 229.

23 Andrews, *Corporation Giving*, 28; Cutlip, *Fund Raising in the United States*, 114, 153 (chart of corporate contributions to Second Red Cross War Fund, May, 1918); Heald, *Social Responsibilities of Business*, 46-52; Karl, "The Evolution of Corporate Grantmaking," 27. As Nancy Knauer points out, the early historians of corporate giving, who were also often engaged in its practice, had reason to downplay pre-war precedents. The absence of widespread corporate giving before the war years helped explain why there were no tax deductions for such giving offered in the 1917 Revenue Act, an oversight they hoped to remedy. Knauer, "The Paradox of Corporate Giving," 16.

24 Cutlip, *Fund Raising in the United States*, 119, 152; Andrews, *Corporation Giving*, 28-31.

25 Heald, *Social Responsibilities of Business*, 50; Andrews, *Corporation Giving*, 29, 233. For a copy of the form letter sent out to corporations explaining the Red Cross Dividend Plan, see Cutlip, *Fund Raising in the United States*, 320-321.

26 Tone, *Business of Benevolence*, 241.

27 Heald, *Social Responsibilities of Business*, 61, 65 (quote), 103, 105; Joseph Weiner, "The Berle-Dodd Dialogue on the Concept of the Corporation," *Columbia Law Review* 64 no. 8 (December 1964), 1458-1460; Knauer, "The Paradox of Corporate Giving," 22-23; Marchand, *Creating the Corporate Soul*, 164. By 1954, Berle would declare that "the argument has been settled" in favor of Dodd's contention that corporate powers were held in trust for the entire community, and not merely for shareholders, though Berle also insisted that he did not believe that the consensus was right on legal grounds. Weiner, "Berle-Dodd Dialogue," 1464, note 32.

28 Heald, *Social Responsibilities of Business*, 104-105.

29 Cutlip, *Fund Raising in the United States*, 323; Andrews, *Corporation Giving*, 32-34; Heald, *Social Responsibilities of Business*, 122, 123 (New Bedford quote), 129.

30 Heald, *Social Responsibilities of Business*, 149, 151.

31 Cutlip, *Fund Raising in the United States*, 324-326; Karl, "The Evolution of Corporate Grantmaking," 29; Heald, *Social Responsibilities of Business*, 161; Knauer, "The Paradox of Corporate Giving," 15.

32 Hall, "Business Giving and Social Investment," 233; Heald, *Social Responsibilities of Business*, 166.

33 Hall, "Business Giving and Social Investment," 233; Cutlip, *Fund Raising in the United States*, 326.

34 Cutlip, *Fund Raising in the United States*, 327-329 (quote); *New York Times*, July 25, 1935, p. 27; Heald, *Social Responsibilities of Business*, chap. 6. Roosevelt also argued that shareholders would be deprived of the right to determine where their charitable contributions would be directed, since those decisions would be made by corporate management.

35 Heald, *Social Responsibilities of Business*, 204-205; Hall, "Business Giving and Social Investment," 234; Himmelstein, *Looking Good and Doing Good*, 14. For data on corporate contributions from 1936-1948, see Table 13, Cutlip, *Fund Raising in the United* States, 330.

36 Cutlip, *Fund Raising in the United States*, 329; Olds quoted in Himmelstein, *Looking Good and Doing Good*, 20; Heald, *Social Responsibilities of Business*, 216.

37 Heald, *Social Responsibilities of Business*, 156, 272; Hughes quoted in Andrews, *Corporation Giving*, 30.

38 Cutlip, *Fund Raising in the United States*, 507; Andrews, *Corporation Giving*, 17; Heald, *Social Responsibilities of Business*, 272 (Eells quote), 273 (Ruml quote); Richard Eells, *Corporation Giving in a Free Society* (New York: Harper & Brothers, 1956), 7, 136.

39 Miller, "Narrative and Truth in Judicial Opinions," 11-12.

40 Karl, "The Evolution of Corporate Grantmaking," 31; Himmelstein, *Looking Good and Doing Good*, 21.

41 Cutlip, *Fund Raising in the United States*, 514, quoting Eells, *Corporation Giving*, 25, 29.

42 Heald, *Social Responsibilities of Business*, 228-229 (quote); Cutlip, *Fund Raising in the Untied States*, 512; Andrews, *Corporation Giving*, 19.

43 Himmelstein, *Looking Good and Doing Good*, 17; Cutlip, *Fund Raising in the United States*, 494-500, 519.

44 Heald, *Social Responsibilities of Business*, 265 (Eisenhower quote), 266.

45 Cutlip, *Fund Raising in the United States*, 494-495; Heald, *Social Responsibilities of Business*, 247-251; Hall, "Business Giving and Social Investment," 234. For more on the congressional investigation of foundations, see John Lankford, *Congress and the Foundations in the Twentieth Century* (River Falls, WI: Wisconsin State University, 1964), and Eleanor L. Brilliant, *Private Charity and Public Inquiry: A History of the Filer and Peterson Commissions* (Bloomington: Indiana University Press, 2000).

46 Heald, *Social Responsibilities of Business*, 280-284, 285; Karl, "The Evolution of Corporate Grantmaking," 30; Himmelstein, *Looking Good and Doing Good*, 14-15.

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